

FILED

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

AUG 22 2007

NEBRASKA DEPARTMENT
OF INSURANCE

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE,

PETITIONER,

VS.

BENICORP INSURANCE COMPANY,

RESPONDENT.

ORDER OF SUSPENSION

CAUSE NO. C-1655

The duly appointed and qualified Director of Insurance for the State of Nebraska, L. Tim Wagner, ("Director"), acting under the authority of NEB. REV. STAT. §§ 44-134, 44-4801, and 44-4809 ET AL (Reissue 2004), and, being fully advised in the premises, hereby finds, orders and concludes as follows:

1. Benicorp Insurance Company ("Benicorp") is an Indiana domestic insurance company organized under the laws of Nebraska and authorized to do the business of insurance in Nebraska and various other jurisdictions. Benicorp's home office is 7702 Woodland Drive, Suite 200, Indianapolis, Indiana, 46278.

2. McKee Heritage Holding Corporation ("McKee") is a Delaware corporation which owns, directly or indirectly, 100% of the issued and outstanding shares of capital stock of Benicorp.

3. NEB. REV. STAT. § 44-134 (Reissue 2004) provides that "[w]henver the authority of a foreign or alien company to do business is suspended or revoked by its state of domicile or state of entry into the United States or whenever any of the grounds mentioned in section 44-4809, 44-4812, or 44-4817 exist as to a foreign or alien company, the Department of Insurance may

suspend or revoke the certificate of authority of such company to do business in this state, which order of suspension or revocation shall be subject to appeal, and the appeal shall be in accordance with the Administrative Procedure Act.”

4. Based upon the examination of the December 31, 2006 financial statements submitted by Benicorp to the National Association of Insurance Commissioners (“NAIC”), including those statements submitted electronically to the NAIC on or around March 1, 2007, the Director has reasonable cause to believe that Benicorp is in hazardous financial condition as defined in Nebraska Insurance Regulations, specifically, Title 210, Nebraska Administrative Code, Chapter 55, sections 4.06, 4.14, and 4.15. Pursuant to said regulation(s), a hazardous financial condition exists when an insurer has experienced or will experience in the foreseeable future cash flow or liquidity problems; when the insurer has grown so rapidly and to such an extent that it lacks adequate financial and administrative capacity to meet its obligations in a timely manner; or when the insurer’s operating loss in the last twelve month period or any shorter period of time, including but not limited to net capital gain or loss, change in non-admitted assets, and cash dividends paid to shareholders, is greater than 50% of such insurer’s remaining surplus as regards policyholders in excess of the minimum required.

5. Benicorp’s reported net cash from operations of \$(10,465,316) and an overall net change in cash, cash equivalents and short-term investments of \$(15,794,887), constituting a current and foreseeable future cash flow and liquidity problem which renders continuation of Benicorp’s business hazardous to the public and its insureds.

6. Benicorp’s reported net premiums to capital and surplus ratio of 692.9% constitutes and demonstrates rapid growth to such an extent that Benicorp lacks adequate financial and administrative capacity to meet its obligations in a timely manner, constituting a financial

condition which renders continuation of Benicorp's business hazardous to the public and its insureds.

7. Benicorp's reported policyholder surplus of \$19,454,085 as of December 31, 2005 declined to \$5,732,478 (less a \$5,800,000 capital contribution) as of December 31, 2006. This constitutes a reduction in policyholder surplus in excess of 50% in a twelve month period, constituting a financial condition which renders continuation of Benicorp's business hazardous to the public and its insureds.

8. On or around August 9, 2007, Jim Atterhold, as the Commissioner of the Department of Insurance of the State of Indiana ("Commissioner"), filed a Verified Petition for Rehabilitation against Benicorp. Additionally, on or around August 9, 2007, the Marion Circuit Court of the State of Indiana issued an Order of Rehabilitation against Benicorp Insurance Company and appointed the Commissioner as the Rehabilitator of Benicorp pursuant to Indiana Code 27-9-3.

9. The State of Nebraska Department of Insurance has jurisdiction over the subject matter and over Benicorp Insurance Company, and that reasonable cause exists for suspending the Nebraska certificate of authority held by Benicorp pursuant to NEB. REV. STAT. §§ 44-134, 44-4809, and 210 NEB. ADMIN. R. & REG. 55.

NOW, THEREFORE, IT IS HEREBY ORDERED, the Nebraska certificate of authority held by Benicorp is placed immediately under suspension pursuant to NEB. REV. STAT. §§ 44-134 and 44-4809.

IT IS FURTHER ORDERED that Benicorp shall not undertake, engage in, commit to initiate, or accept any new or renewal insurance business in the State of Nebraska upon the date of this order.

NOTHING IN THIS ORDER shall preclude the Director from taking further immediate action as deemed in the best interest of Benicorp's policyholders and the public including commencement of further legal proceedings if and as necessary.

IT IS FURTHER ORDERED that Benicorp Insurance Company shall have ten days from the date this order is received to seek administrative review of this Order by mailing a written request to the Director of Insurance for the State of Nebraska for a hearing on this matter.

Should the Director find, after hearing, that Benicorp has failed to comply with any of the requirements set out above or has committed acts or is in the status or condition prohibited by Chapter 44 of Nebraska Revised Statutes, he may enter an Order applying the remedies and sanctions authorized by that Chapter or take such other action as he deems appropriate which is authorized by law.

Dated and effective this 22nd day of August, 2007.



L. Tim Wagner
Director
Nebraska Department of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Order of Suspension was served upon Benicorp by mailing a copy to the business address of record with the Department of Insurance for Benicorp at 7702 Woodland Drive, Suite 200, Indianapolis, Indiana, 46278 by certified mail, return receipt requested, on this 22nd day of August, 2007.

